

to capital. The early regulations permitted deposits for any amount above £10, subject to withdrawal at the will of the depositor and bearing interest from the day of deposit until the day of withdrawal. This system was supplemented by the provident banks, which received deposits of small sums until they amounted to £10. It was the ambition of the Scotch domestic, fisherman, and agricultural laborer to accumulate enough for a bank deposit during a half year or a year and add it to the principal and interest which he had already⁷¹ earned. When this sum accumulated sufficiently to enable the depositor to buy or build a house, or to set up as a master in the trade in which he had been a servant, it would be drawn in bank-notes, which would continue to afford profit to the bank until returned by some other depositor. The system thus stimulated greatly the frugality and savings of the poor, and did much to accumulate in Scotland a capital capable of developing her agriculture and manufactures.¹ It has not been merely as savings banks, however, that the Scotch banks have contributed to bring into the circle of active industry the entire capital of the country. The wide diffusion of branches under the Scotch banking system places a bank account within the reach of every small trader. The result, in connection with the interest allowed on deposits, has been to create a much greater number of deposit accounts from small tradesmen than in any other country. The facility of banking and the advantage of earning interest have tempted the Scotch tradesman to keep his spare cash in hand at the lowest minimum and to deposit his entire surplus in the bank. The payment of interest thus acts as a direct check upon excessive issues by bringing the notes back to the bank for deposit. The advocates of the Scotch,

¹ The proof of the large savings of the Scotch people and their general use of banking facilities may be found in the bank returns for the United Kingdom for 1907 published on pp. 133-34, in Chapter V. These returns show that* in spite of the enormous wealth and banking business concentrated in the City of London, the deposit liabilities of the Scotch banks, divided by the population of Scotland, show a per-capita average of about £26, while those of England subjected to a like process show an average of about £24.